

ELECTED OFFICIALS WILL BE SWORN INTO OFFICE AT 6:00 P.M. IN THE ROTUNDA OF THE BERLIN TOWN HALL. FOLLOWING THE CEREMONY, THE REGULAR BOARD OF FINANCE MEETING WILL BE CALLED TO ORDER BY THE FINANCE DIRECTOR IN THE JOHN "DOC" MCINTOSH CONFERENCE ROOM. ONCE THE CHAIRMAN IS SELECTED, HE WILL RUN THE REMAINDER OF THE MEETING.

TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
NOVEMBER 16, 2021  
John "Doc" McIntosh Conference Room  
Remote Option  
7:00 P.M.

<https://berlinct-gov.zoom.us/j/84542652373?pwd=T3AvcEVHdHM4czJ0d2FVWXV4OU5GZz09>

Call-in Option: 1 929 205 6099 United States Toll  
Meeting ID: 845 4265 2373  
Passcode: 568255

A. CALL TO ORDER BY THE FINANCE DIRECTOR

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. PUBLIC COMMENTS

E. NEW BUSINESS

1. Nomination(s) for selection of Chairman
2. Nomination(s) for selection of Vice-Chairman
3. Finance Director update.

F. APPROVAL OF PRIOR MINUTES

October 12, 2021, Regular Meeting

G. ADJOURNMENT

**Town of Berlin**  
**Financial Status Report**  
**Board of Finance Meeting on November 16, 2021**

**E - 3**

**GENERAL FUND**

|  | <u>FY 2022</u> | <u>FY 2021</u>    | <u>Notes</u>   |
|--|----------------|-------------------|--|
| <i>(budgeted amount excludes assigned fund balance)</i>    |                |                   |  |
| <b>Receipts</b>  |                |                   |  |
| Actual Receipts  | \$56,258,608   | \$56,792,410      | FY22 revenue increase assumed \$700k from ARPA funds and \$1.2 million from the accepted BHS renovate as new project. Neither amount has been recorded as actual receipts. |
| Budgeted Receipts  | \$93,474,047   | \$91,050,922      |  |
| % to Budget  | 60.2%          | 62.4%             |  |
| Current Year Tax Receipts <i>(as of August 31)</i>         | \$52,318,599   | \$52,039,106      |  |
| Current Tax Budget   | \$79,861,907   | \$78,789,139      |  |
| Current Tax Levy <i>(99.3%/99.3% collection rates)</i>     | \$80,424,881   | \$79,504,681      |  |
| % to Current Budget  | 65.5%          | 66.0%             |  |
| % to Current Levy  | 65.1%          | 65.5%             |  |
| Adopted budget target %                                    | 99.3%          | 99.3%             |  |
| <b>Expenditures</b> <i>(excludes capital expenditures)</i> |                |                   |  |
| Actual Expenditures  | \$35,295,833   | \$27,814,230      | FY22 includes \$5,310,640 non-budgeted pension appropriation/expenditure from unassigned fund balance  |
| Budgeted Expenditures                                      | \$98,899,687   | \$91,475,922      |  |
| % to Budget  | 35.7%          | 30.4%             |  |
|  | <u>Actual</u>  | <u>Encumbered</u> | <u>Budget</u> <u>Var to Budget</u>   |
| Storm-related Overtime (51445)                             | \$8,577        | \$0               | \$141,738      \$133,161   |
| Electricity (53102)  | \$275,643      | \$1,050,222       | \$1,487,760      \$161,895   |
| Refuse Disposal (53823)                                    | \$459,251      | \$1,362,473       | \$1,917,967      \$96,243  |
| Legal (53828)  | \$106,039      | \$183,961         | \$300,000      \$10,000  |
| Tax Refunds (53924)  | \$145,277      | \$0               | \$215,000      \$69,723  |

|                              | <u>Target Floor Fd Bal.</u> | <u>Actual Fund Bal.</u> | <u>Notes</u>  |
|------------------------------|-----------------------------|-------------------------|---|
| <b>INSURANCE FUNDS</b>       |                             |                         |   |
| Health Insurance Fund        | \$2,302,598                 | \$2,275,834             | The Health Insurance Fund balance is 21.1% of full year projected expenses - against a target reserve of 25%. Although the fund balance is below the floor, the cash balance is \$2,859,094.  |
| General Insurance Fund       | \$1,000,000                 | \$1,682,603             | The fund is used to pay liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, widow/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is a \$1 million floor and ceiling at 5% of General Fund budget (or \$4,697,952 for FY22). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims. |
| <b>TOTAL INSURANCE FUNDS</b> | <u>\$3,302,598</u>          | <u>\$3,958,437</u>      |   |

**PENSION FUND**

|  |  | <u>Notes</u>   |
|--|--|--|
| Total Liability <i>(as of 7/1/2021)</i><br><i>(actuarial valuation liability was adjusted to remove FY21/FY22 retiree payouts)</i> | \$8,209,089                              | The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout. |
| Cash Balances:   |  |  |
| Prudential <i>(as of 10/31/2021)</i>   | \$3,507,162                              |  |
| ICMA Plus <i>(as of 10/31/2021)</i>  | <u>\$2,927,905</u><br><u>\$6,435,067</u> |  |
|  |  | Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 5 active participants, 2 inactive but eligible participants and 15 annuitants.   |
| Funding % - Total  | 78.4%                                    |  |
| Funding % - DB   | 42.7%                                    |  |
| Unfunded Liability   | (\$1,774,022)                            | <u>Anticipated retirements:</u><br>FY22: 5 active participants remain and all are eligible to retire.<br>Annual annuity payments & total monthly fees: \$185,000   |

**ACTIVE CAPITAL PROJECTS**

|                         | <u>% Complete*</u> | <u>Project Balance**</u> | <u>Notes</u>   |
|-------------------------|--------------------|--------------------------|--|
| 4-Bridge Rehabilitation | 81%                | \$0                      | Closeout work continues. Invoicing trails actual construction, so the construction % complete is higher than the amount presented on this exhibit. |
| BHS Rooftop Ductwork    | 68%                | \$0                      | Construction is currently on-budget and on-time  |

\* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

\*\* Capital projects fund balance includes encumbrances.

**Unexpended Education (2%) Account Tracking:**

500.35.3561.0.54000.01733

|   | <u>Budget</u>       | <u>Actual</u>       | <u>Encumbrance</u>  | <u>Uncommitted Balance</u> |   |
|---|---------------------|---------------------|---------------------|----------------------------|---|
| Hubbard Fire Alarm Upgrades*                    | \$171,625.53        | \$161,863.30        | \$3,636.70          | \$6,125.53                 | Complete  |
| McGee HVAC Unit #1                              | \$225,000.00        | \$8,763.34          | \$216,236.66        | \$0.00                     |   |
| <b>TOTAL FY2020 CARRYOVER</b>                   | <b>\$396,625.53</b> | <b>\$170,626.64</b> | <b>\$219,873.36</b> | <b>\$6,125.53</b>          |   |
| Lighting upgrades in McGee Library/Media Center | \$150,000.00        |                     |                     | \$150,000.00               | Approved at 10/19 TC meeting - using other BOE CNR funds to cover higher than projected bid results |
| Paving of Willard playground area & sidewalks   | \$150,000.00        | \$146,137.34        |                     | \$3,862.66                 | Complete  |
| Classroom storage (cubbies) at Hubbard          | \$50,000.00         |                     |                     | \$50,000.00                |   |
| Removal of retaining walls at McGee entrance    | \$25,000.00         | \$25,500.00         |                     | (\$500.00)                 | Complete  |
| Balance of rooftop units at McGee               | \$25,000.00         |                     | \$25,000.00         | \$0.00                     | Using \$7,193.34 from Schools CNR funds to cover portion of contingency                             |
| <b>TOTAL FY2021 CARRYOVER</b>                   | <b>\$400,000.00</b> | <b>\$171,637.34</b> | <b>\$25,000.00</b>  | <b>\$203,362.66</b>        |   |
| <b>TOTAL 2% FUND BALANCE</b>                    | <b>\$796,625.53</b> | <b>\$342,263.98</b> | <b>\$244,873.36</b> | <b>\$209,488.19</b>        |   |

\* The remaining FY2019 balance (\$21,557) after completing all identified projects and the balance remaining before FY2019 (\$69) were added to the initial (\$150,000) Hubbard Fire Alarm carryover budget.

Risks

| Description   | Projected - Low       | Projected - High | Probability |
|---|-----------------------|------------------|-------------|
| Transfers from Other Funds (from BHS project fund)                      | \$400,000             | \$500,000        | High        |
| School Nurses (responding COVID)  | \$0                   | \$50,000         | High        |
| Legal Fees  | \$0                   | \$100,000        | Medium      |
| <b>TOTAL</b>  | <b>\$400,000</b>      | <b>\$650,000</b> |             |
| <i>Total excluding Pension payouts</i>                                  | <i>\$400,000</i>      | <i>\$650,000</i> |             |
| Anticipated American Recoveries Act Grants (50% in FY21 & 50% in FY22): |                       |                  |             |
| Town (FY21 - 50% payment)   | \$1,039,296.37        |                  |             |
| County (FY21 - 50% payment)   | \$1,984,726.71        |                  |             |
|   | <u>\$3,024,023.08</u> |                  |             |
| FY21 & FY22 Anticipated amount  | \$6,048,046.16        |                  |             |
| FY22 Budgeted Revenue   | <b>(\$700,000.00)</b> |                  |             |
| NET American Recoveries Act Available Revenue                           | <u>\$5,348,046.16</u> |                  |             |

Opportunities

| Description  | Projected - Low    | Projected - High | Probability |
|--|--------------------|------------------|-------------|
| Wages/Fringes (vacancies) - projected based on current headcount/vacancies | \$100,000          | \$500,000        | Medium/High |
| Utilities  | \$150,000          | \$300,000        | Medium      |
| <b>TOTAL</b>   | <b>\$250,000</b>   | <b>\$800,000</b> |             |
| Net Projection   | <b>(\$150,000)</b> | \$150,000        |             |
| Net Projection (ex Pension Payouts)  | <b>(\$150,000)</b> | \$150,000        |             |

TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
OCTOBER 12, 2021  
John "Doc" McIntosh Conference Room  
Remote Option  
7:00 P.M.

<https://berlingov.zoom.us/j/82249337890?pwd=UFIxZTZOSVZzeC9xSHNIVm5GOGNPdz09>

|                 |                                   |
|-----------------|-----------------------------------|
| Call-in Option: | 1 929 205 6099 United States Toll |
| Meeting ID:     | 822 4933 7890                     |
| Passcode:       | 583421                            |

A. CALL TO ORDER

Chairman Lomaglio called the meeting to order at 6:58 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, Sam Lomaglio, Gerald Paradis

Staff Present:

Kevin Delaney – Finance Director  
Jim Simons – Fleet Manager

D. PUBLIC COMMENTS

None.

E. APPROVAL OF PRIOR MINUTES

September 14, 2021, Regular Meeting  
September 16, 2021, Joint Meeting

Mr. Grady moved to approve the September 14, 2021, Regular Meeting minutes and the September 16, 2021, Joint Meeting minutes.

Seconded by Mr. Bordonaro.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Lomaglio, Mr. Paradis.

Vote being: 6-0. (MOTION CARRIED)

## **F. NEW BUSINESS**

### **1. Discuss guidance for new money debt during calendar 2022.**

Finance Director Delaney advised there is some debt capacity that we have available. Debt was not issued this calendar year and we cannot borrow money that is not authorized, but we can go to the Board to cancel the money, or use it up on things like roads. Then it would go to zero and fall off the list.

Potential projects include HVAC for schools, work on bridges and police work. In the current bond plan, there is a piece from FY23 (June 22) for Willard School HVAC, Fire Vehicles, and the parking lot at Willard School. Longer-term, other capital items on the bond plan include a Library roof, chiller, pools, pool building, boiler at schools and new windows.

No vote is needed now, but the Board of Finance needs to start the dialogue.

Mr. Paradis asked if the open space leftover amounts, should be cleaned up and taken off the books? Director Delaney advised we intentionally left it on the last few years as open-ended. Open space is an unexpected purchase and if preference is to remove, we can ask in February.

Mr. Paradis asked if Director Delaney could provide per capita debt numbers from neighboring communities and Director Delaney agreed to provide at a future meeting. Mr. Bordonaro inquired if it is easier to transfer money? Money/bond in place needs new authorization.

Mr. Holmes advised that he can't vote for bonding. Mr. Lomaglio then asked what is the actual General Fund unassigned fund balance not committed? Director Delaney advised \$10 million.

Director Delaney advised that the balance sheet has improved and the town currently has a AAA Standard & Poor's (S&P) Bond Rating.

### **2. Discuss fire vehicles and funding options.**

Fleet Manager Simons discussed how the fire trucks that were bought in 2002 now need to be replaced and typically have a 20 year life span. In the past, our plan was not to replace all of the vehicles at the same time and stagger purchases, however due to commodity pricing going up and longer production wait times, we should account for those factors when buying.

#### **Current American Lafrance Apparatus:**

- Four trucks were purchased in 2002
- Apparatus: Engine 4, 7, 8, 12, (E-12 will be replaced with new truck arriving in February 2022)
- Engines 4 & 8 are the next two scheduled to be replaced; they are the busiest units in our fleet.

- 2020 Response Numbers:
  - Engine 4 (KFD) = 196 calls (out of service extended time)
  - Engine 8 (BFD) = 306 calls
- 2020 Cost of Ownership: (Calculations are from maintenance software)

| Unit     | Depreciation | Material/Labor | Totals   |
|----------|--------------|----------------|----------|
| Engine 4 | \$18,005     | \$7,350        | \$26,803 |
| Engine 8 | \$17,576     | \$21,067       | \$44,379 |

- During the 2020 “Annual Pump Certification Test,” both trucks failed the “Vacuum” portion of the test due to leaky “Tank to Pump” valve. They were removed from service and repaired, or retrofitted with a different style valve as the stock valve is currently unavailable.
- Annual Pump Certification Test is a requirement of OSHA, NFPA and ISO, Their next pump test is scheduled for October 18 & 19, 2021.

#### **NFPA Recommendations: Age vs. Status:**

- 0-to 15 yrs: First line
- 5 to 20 yrs: Reserve apparatus
- Older than 20 yrs: Removed from Service

#### **American Lafrance Business:**

- In 2008 American LaFrance filed for bankruptcy
  - A Federal Judge ordered liquidation of all assets to repay creditors
  - That liquidation caused a shortage of preparatory parts
  - Part shortages have created extended down times, sometimes requiring our technicians to modify or fabricate needed parts in order to keep these trucks in service.
- Example: Engine 7 had a bearing failure in the “Pump Transfer Case”. These pumps were specially made by Hale Fire Pump for American LaFrance. Hale Fire Pump was contacted and had no parts available. Their recommendation was to replace the pump and transfer case at an estimated cost of \$30,000. We subcontracted a local machine shop to manufacture the parts needed to rebuild the case; the truck was out of service for nine weeks.

Repairs like this are currently the norm; no parts are available causing extended down time.

On an average, one of the American LaFrance trucks is in the shop for extended down times every four months. That repair is usually at least a month or more due to the parts situation.

#### **Replacement Process:**

- Needs assessment is performed
  - Volume and types of calls

- Current apparatus capabilities
- Review of apparatus maintenance history
- Review of relevance in current replacement plan
- Changes in the demographics in town, now and for the future
- Long range planning for the fire service itself
- 
- Committee is tasked with:
  - Utilizing the information from the Chiefs' needs assessment
  - Reviewing the "Standardized Apparatus Specifications" from previously purchased apparatus for relevance. This includes: chassis, driveline, cab layout and pump model and configuration.
  - Develop specialized body specifications (working with the selected vendor) for the working portion of the body. In this case both Engine 4 and Engine 8 will be built and outfitted as Rescue/Pumpers.

Specifications are just about complete in an anticipation of an order for at least one truck prior to January 1, 2022. Estimated delivery time is 13 to 14 months of contract signing (Spring of 2023).

**Apparatus Cost:**

- Estimated at \$900,000 each, if an order is placed by the end of December.
- Estimated cost after January 1, 2022, \$1,000,000 (January price increase could be up to 12% due to increased cost in commodities along with general business cost. This is the big unknown!)
- Possible pricing concessions for multiple orders.

The timetable should be pushed up 8 months if Council approves. We would buy the fire trucks and not bond it, then sell the older vehicles. Mr. Grady would like to have more time. No decision was made to purchase the new fire vehicles, however it will remain on the upcoming Town Council agenda.

**3. Reschedule 11/9 Board of Finance meeting?**

Due to the election swearing-in process taking place on November 9, the Board of Finance agreed to move the next meeting to November 16.

**4. Finance Director update.**

Finance Director Delaney updated the Board on taxes and expenditures. The ongoing lawsuit regarding a property on Atkins St. and the risk to the Legal budget continues to be an issue. Health and pension plans are solid, soon to be a 2.5 million unfunded pension liability. Also, we are planning to fill a new Chief of Police vacancy soon. Lastly, the VNA consultant deposit was paid upfront and the Board of Finance is looking into holding a possible joint meeting with Town Council and the Shipman Attorney to discuss further.



G. ADJOURNMENT

Chairman Lomaglio moved to adjourn at 7:54 p.m.

Seconded by Mr. Paradis.

Those voting in favor: Mr. Lomaglio, Mr. Bordonaro, Mr. Holmes, Mr. Fernandes, Mr. Grady,  
Mr. Paradis

Vote being 6-0. MOTION CARRIED

Submitted by,  
Alina Brown